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E.O. 12958: DECL: 09/29/2016
TAGS: [DR](#) [PGOV](#) [PREL](#)
SUBJECT: POTUS SCENESETTER: VISIT OF DOMINICAN PRESIDENT
FERNANDEZ

REF: A. CIA BIOGRAPHY 08/01/05
[1](#)B. SANTO DOMINGO 2958

Classified By: Ambassador Hans H. Hertell, Reasons 1.4(b), (d)

[1](#)1. (SBU) Embassy Santo Domingo provides following background for the tentatively scheduled October 25 call on the President by President of the Dominican Republic Leonel Fernandez.

Background

[1](#)2. (SBU) The Dominican Republic has become the most reliable supporter of democracy in the sometimes difficult and always strategic Caribbean. Our close relationship is exemplified by Dominican ratification of the CAFTA-DR free trade agreement, and our friendship is cemented by a history of strong economic and commercial ties, military and law enforcement cooperation, and cultural links. The United States is the country's principal trading partner; bilateral trade totals more than USDOLS 9 billion annually. Of 10 million Dominicans, 1 million live in the United States, especially in New York and the Northeast. The United States remains the Dominican Republic's principal catalyst for the institutional reforms needed to assure the country remains secure, democratic, and prosperous.

[1](#)3. (SBU) In office since 2004, President Leonel Fernandez appointed reform-minded officials who strengthened the judicial system. He reversed economic and financial crisis of his predecessor by applying IMF-agreed fiscal measures and renegotiating to create a climate of strong business confidence. Fernandez's orientation is market-friendly and socially conscious.

[1](#)4. His administration has fallen significantly short in other areas:

- - corruption remains widespread, an enduring feature of Dominican life;
- - the electricity sector is chaotic, underfinanced, and oversubsidised, and reform has been partial, uncertain and ineffective;
- - neither the modest middle class nor the large number in poverty have yet received many benefits from the economic turnaround; and
- - overall, Fernandez has talked eloquently about improving institutions without effecting many tangible changes.

Fernandez's Aims

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¶4. (C) Fernandez seeks the prestige of his first one-on-one meeting with the President, to bolster his image at home and as an engaged international leader. He may ask that USTR show flexibility in its requirements for implementation of CAFTA-DR. Other issues for the meeting could include law enforcement and corruption, counter-terrorism, and hemispheric relations (Venezuela, Cuba, and Haiti).

Leonel Fernandez, Soft-Spoken Pragmatist
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¶5. (C/NF) A longtime leader of the left-leaning Dominican Liberation Party (PLD), Leonel Fernandez is a pragmatist who values the Dominican Republic's relations with the United States. He strongly supports regional trade and desires the entry into force of the CAFTA-DR negotiated by his predecessor. Fernandez's personal style is cordial, informal and eloquent. Relaxed and soft-spoken, he remains fully engaged during meetings. His English is excellent; he grew up in New York and returned to the Dominican Republic at the age of 16. Fernandez established a thriving law practice in the capital Santo Domingo, served as President of the Republic 1996-2000, founded the successful think tank FUNGLODE, and was elected President for the second time in 2004 (Ref A).

¶6. (C) As he prepares for a October 25 visit to the White House, President Fernandez is full of confidence. Economic recovery, his good public image and his administration's smooth political operation have generated a 71 percent domestic approval rating. His PLD party won large majorities of both houses of the Dominican congress in the May 2006 legislative elections. While the opposition populist PRD is

preparing now to select a candidate to oppose him in the May 2008 presidential elections, Fernandez prefers to focus on governing and constitutional reform. He has told Ambassador Hertell in confidence that he intends to run for re-election. In public, however, he has avoided the subject.

CAFTA-DR
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¶7. (SBU) The Dominicans are well behind the 4 other countries that have ratified the CAFTA-DR free trade agreement. Strong domestic interests have slowed them in elaborating laws and regulations on patents, protection of pharmaceutical products, copyright, and government procurement. USTR has met the Dominican delegation for 5 lengthy discussions in ¶2006. President Fernandez has told his negotiators to wrap up the job so it can go to the Dominican Congress for quick approval, signature and publication. He hopes this will make it possible in the near future for USTR to recommend that the President certify the Dominicans for entry into force of CAFTA-DR.

Law Enforcement and Corruption
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¶8. (SBU) The Dominican Republic is a key part of major Caribbean smuggling routes to the United States and accordingly is a critical link in the U.S. war on transnational organized crime. Despite a pattern of minor improvements, Dominican borders remain vulnerable to smuggling and to the transit of criminals and terrorists. National institutions are weak and are permeated by corruption at nearly all levels, despite the moral leadership of President Fernandez and other senior Dominican officials. The tradition of impunity may finally be ending. Penal cases are underway against several well-connected figures associated with the massive banking frauds that caused the 2003-2004 economic crisis. Dominican counterparts maintain close, productive relationships with U.S. law enforcement representatives and U.S. military. Cooperation is excellent in the areas of extraditions, counter-narcotics, illegal migration and deportations. The Fernandez administration has

improved measures against trafficking in persons.

Counter-Terrorism

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¶9. (C/NF) Before taking office in 2004 Fernandez told the Ambassador that he strongly supports the war on terrorism. He has expressed concern over the vulnerability of his country to terrorist attack, particularly since the tourism industry, producing 10 percent of GDP, relies on the confidence of more than 1 million American visitors a year. His call at the White House would be a good opportunity to publicize a recent bilateral agreement under the Enduring Friendship program. Through the project, which will be funded with Section 1206 and Foreign Military Financing resources, the U.S. will be providing boats, communication equipment, and training to build Dominican maritime security capabilities in high illicit trafficking lanes.

Regional Issues

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¶10. (C/NF) Fernandez has long advocated a closer relationship with all Caribbean nations for regional and trade issues, and he has engaged vigorously in multilateral organizations. The Dominicans are candidates for the 2007 election for a Latin American seat on the UN Security Council. Other regional points:

- - Fernandez established diplomatic relations with Cuba in his first term. He is not close to Castro, however, and binational exchanges are generally limited to students, health workers and athletic trainers. Fernandez attended the Non-Aligned Movement summit in Havana in September, then proceeded to Chicago, Philadelphia and New York to address the UN General Assembly.

- - Fernandez has cordial relations with Hugo Chavez of Venezuela, but in private he has expressed to the Ambassador his concern about Chavez's erratic, anti-U.S. behavior. The Dominicans accepted the concessional financing of Venezuela's "Petrocaribe" program but declined the Castro-Chavez proposal of establishing a binational oil company for it.

- - Last week Fernandez again reaffirmed to the Ambassador his commitment to vote for Guatemala for the UN Security Council. He does not plan to make the commitment public

because of the need to preserve good relations with Venezuela. (Ref B).

- - Fernandez continues to urge international assistance to the neighboring country of Haiti, to counter instability, promote growth, and in this way to reduce illegal immigration to the Dominican Republic. Fernandez welcomed the election of Haitian President Preval and hosted him in Santo Domingo before the Haitian inauguration. Dominican-Haitian official relations are good, but because of the long, uneasy history of the island, the Dominicans do not contribute to MINUSTAH peace-keeping forces in Haiti.

HERTELL